

Message Text

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PAGE 01 TEHRAN 05803 301159Z
ACTION XMB-04

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AID-05 IGA-02 /035 W
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FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 3331

UNCLAS TEHRAN 5803

DEPT PASS EXIMBANK

E.O. 11652: N/A
TAGS: EFIN BEXP IR
SUBJ: BANK MELLI GUARANTEE ON \$40 MILLION EXIM LOAN TO
IRAN POLYCRYL

1. DCM WAS CALLED BY DEP MIN JALIL SHORAKA OF MINISTRY
OF ECONOMIC AFFS AND FINANCE JUN 28 WHO SAID THAT A PROBLEM
HAD ARISEN ON BANK MELLI LETTER OF GUARANTEE ON \$40 MILLION EXIM
LOAN TO IRAN POLYCRYL. SHORAKA DID NOT HAVE PRECISE DETAILS OF WHAT
HE UNDERSTOOD TO BE A DISAGREEMENT BETWEEN BANK MELLI AND EXIM
BU DID ASK THAT EMB LOOK INTO THE MATTER WITH A VIEW TO
RESOLVING THE PROBLEM. HE ASKED THAT EMB ASCERTAIN FROM
BANK MELLI'S MANAGING DIR , YUSEF KHOSHKISH, THE FACTS OF
THE SITUATION.

2. ECONOMIC/ COMMERCIAL COUNSELOR, IN SUBSEQUENT CONVERSATION
WITH KOSHKISH, WAS TOLD THAT EXIMBANK HAD ASKED BANK MELLI
BRANCH IN NEW YORK, WHO WILL ISSUE LETTER OF GUARANTEE, TO
INCLUDE IN LETTER EXPLICIT LANGUAGE THAT US LAWS ANDREGULATIONS WILL
GOVERN IN THE EVENT OF NON-COMPLIANCE
WITH LOAN PROVISIONS. KHOSHKISH SAID THAT BANK MELLI
PRACTICE IN ISSUANCE OF LETTERS OF GUARANTEES IS NOT TO
USE EXPLICIT LANGUAGE ON THIS POINT SINCE IT IS IMPLICIT
THAT LAWS OF COUNTRY IN WHICH LETTERS OF GUARANTEE ARE
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ISSUED GOVERN IN RESOLUTION OF DISPUTES, ETC., RE LOAN
PROVISIONS. HE WENT ON TO SAY THAT IN THE PAST BANK
MELLI IN TEHRAN HAS ISSUED LETTERS OF GUARANTEE ON EXIM
LOANS AND EXPLICIT LANGUAGE RE APPLICABILITY OF LAWS OF
IRAN WAS NOT REPEAT NOT INCLUDED. UNFORTUNATELY, SITUATION,
AS KHOSHKISH EXPLAINED IT, SEEMS TO HAVE BEEN PUT INTO
CONCRETE ON IRANIAN SIDE AS A RESULT OF KHOSHKISH'S

CONVERSATION WITH MINISTER OF ECONOMIC AFFAIRS AND FINANCE HUSHANG ANSARY YESTERDAY EVENING. ANSARY (WHO NOW IS IN MEXICO) TOLD KHOSHKISH THAT IF BANK MELLI HAS NEVER ISSUED LETTER OF GUARANTEE ON EXIM LOAN IN THE PAST THEN MELLI COULD COMPLY WITH EXIM REQUEST. ON THE OTHER HAND, IF BANK MELLI PRACTICE IN PREVIOUS LETTERS OF GUARANTEE HAS BEEN NOT TO USE EXPLICIT LANGUAGE ON APPLICABILITY OF LENDING COUNTRY LAWS AND REGULATIONS, THEN PRACTICE SHOULD BE CONTINUED IN INSTANT CASE. KHOSHKISH SAID THAT HE WOULD ROUTINELY INSTRUCT BANK MELLI BRANCH IN NEW YORK TO PROVIDE LETTER OF GUARANTEE WITHOUT THE LANGUAGE REQUESTED BY EXIM, OBSERVING THAT EXIM "SURELY OUGHT TO ACCEPT THIS".

3. EMB IS NOT ALTOGETHER CERTAIN IT HAS ALL OF THE FACTS RE THIS IMPASSE (IF THERE IS ONE) BUT MERELY REPORTS WHAT IT HAS LEARNED FROM KHOSHKISH. BWNK OF AMERICA REP HERE GAVE IT AS HIS OPINION THAT THERE SHOULD BE NO PROBLEM IN BANK MELLI NEW YORK INCLUDING IN ITS LETTER LANGUAGE WHICH ALL PARTIES IN ANY CASE AGREE IS IMPLICIT IN THE SITUATION. KHOSHKISH OFFERED NO PARTICULARLY CONVINCING REASON WHY BANK MELLI OUGHT NOT TO COMPLY WITH EXIM REQUEST OTHER THAN TO SAY THAT REQUEST CONTRARY TO ITS PRACTICE IN PREVIOUS EXIM LOANS.

4. CLEARLY IT IS IN THE INTEREST OF NO ONE FOR LONG-STANDING
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EXIM LOAN TO IRAN POLYCRYL NOT TO BE DISBURSED BECAUSE OF DISAGREEMENT OVER A PURELY TECHNICAL QUESTION. EMB FELT IT HAD LITTLE CHOICE BUT TO ACCEDE TO KHOSHKISH'S REQUEST TO AT LEAST EXTEND OUR GOOD OFFICES AND RAISE THE QUESTION WITH EXIM.

5. WOULD APPRECIATE RECEIVING FROM EXIM ANY STATEMENT, SUGGESTION OR GUIDANCE THAT WE MIGHT TRANSMIT TO BANK MELLI.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 30-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN05803
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770233-0978
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t1977061/aaaaaapb.tel
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Litigation History:
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